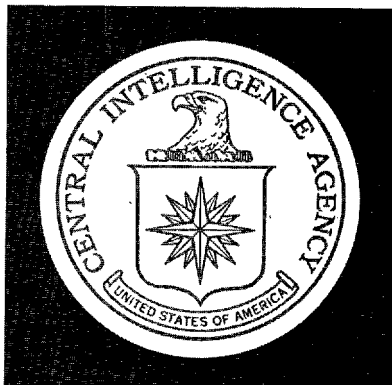


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Central Intelligence Bulletin

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CONTENTS

- South Vietnam: Situation report. (Page 1)
- ✓ Czechoslovakia: The factional struggle within the party has again erupted. (Page 2)
- ✓ World Youth Festival: Conflicts threaten to disrupt the Soviet-sponsored event in Sofia. (Page 4)
- ✓ Bulgaria: Government moving to forestall a revolt among youth. (Page 6)
- ✓ France: Crisis costs force government to drop plans to develop an ICBM. (Page 7)
- Dahomey: Political moderate named to head new civilian government. (Page 8)
- Malaysia-Thailand: Malaysia attempting to improve its capabilities against guerrillas in the Thai border area. (Page 9)
- Laos: Government making some headway in streamlining the military establishment. (Page 11)
- ✓ Indonesia: Communist militants in East Java reportedly are extending their activities. (Page 12)

25X1

Uruguay: Strike plans (Page 13)

SECRET

SECRET

South Vietnam: The increased talk in South Vietnam about possible negotiations with the Liberation Front has stirred up some restiveness among northern refugee Catholics. One group, the Catholic Greater Solidarity Force, is reportedly planning some local demonstrations in a town north of Saigon in late June and early July, and in Saigon on a larger scale on 7 July. These may be intended in part to put pressure on Prime Minister Huong, whose recent references to "nationalists" in the Liberation Front have disturbed militant anti-Communists.

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25X1 Military action on the ground remained at a low level on 27-28 June.

29 Jun 68

1

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Czechoslovakia: The factional struggle within the party has again erupted into the open.

On 27 June, three major newspapers and the Writers' Journal published a statement signed by nearly 70 prominent Czechoslovak artists, scientists, and athletes appealing to the populace to demand the departure from various governmental posts of "people who abused their power"--conservatives who retain their positions within the party and government. The signers recommend that workers elect "their natural leaders...irrespective of which party they belong to."

Although ostensibly concerned with elections to government offices, the statement seems intended to influence the elections for delegates to the 14th party congress. As such, it represents still another attempt by the liberals to discredit and to force the ouster of conservatives from the party.

Conservatives reacted immediately in press and television interviews. Their vehemence suggests that they will attempt to use the statement against the liberals generally and as evidence that curbs on the press must be restored. One member of the National Assembly termed the statement "an appeal to counterrevolution" and demanded that the government officials responsible for the press be summoned before the assembly to "adopt an attitude" toward the statement.

The same day that the liberal statement appeared, the party presidium issued a commentary on it which reflected the views of party leader Dubcek, who has attempted to moderate the factional struggle. Without questioning the "good intentions" of those who signed the statement, the presidium criticized it as a "politically irresponsible" act which could endanger the democratization process.

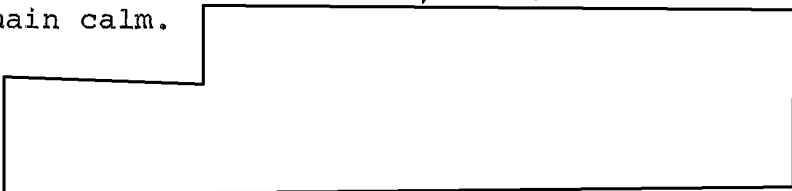
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29 Jun 68

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25X1 Apparently apprehensive that Moscow might cite the statement as further evidence that the party is losing control, the presidium noted that the statement creates "problems for our foreign policy." The presidium stressed that the party will act against any action to support the appeal. Finally, the presidium called on the signers of the appeal to re-examine their views, and on all citizens to remain calm.



29 Jun 68

3

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World Youth Festival: Student unrest, nationality conflicts, and ideological divergencies threaten to disrupt the Soviet-sponsored Ninth World Youth Festival when it opens in Sofia on 28 July.

Past festivals have been propaganda spectacles designed to demonstrate world-wide support for the policies of the USSR and its allies. Plans to hold the festival in Algiers in 1965 and Ghana in 1966 had to be abandoned after the local governments were overthrown, and the site of the festival has been returned to a comparatively sheltered Communist haven.

The wide assortment of delegates--expected to number over 20,000--from countries and organizations of varying political hues is certain to provide headaches for the festival organizers. They have already had to reject an Italian proposal that a "Day of European Youth Revolt" be made an official part of the festival program because they were worried that discussions on this topic might get out of control. Italian youth leaders remain adamant, however, and appear determined to introduce this subject at the festival despite Soviet and Bulgarian opposition.

The Soviets also fear that their attempts to establish Vietnam as the unifying theme of the festival will be thwarted by ideological disputes between delegates representing the various Communist regimes. According to one source, the Bulgarians, at the request of the Soviets, have attempted to dissuade the Czechoslovaks from participating. The Czechoslovaks are ignoring the proposal and plan to send a delegation of 400.

The Bulgarians are also concerned that festival activities might be diverted by Chinese-oriented delegations. Whether the Chinese will participate is unclear, but it is rumored Peking is interested in sending a delegation.

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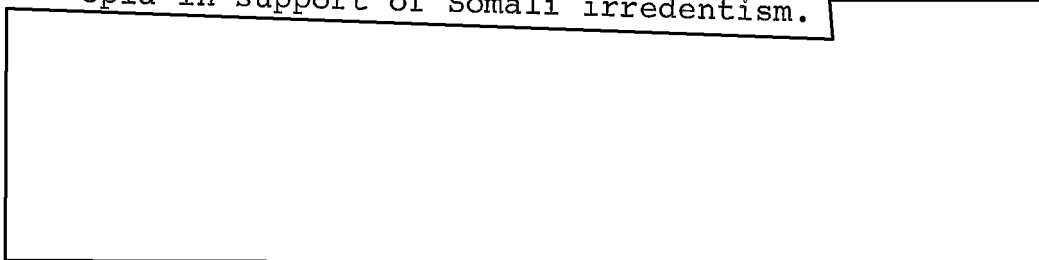
29 Jun 68

4

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Long-standing international disputes will also mar the image of "peace, friendship and solidarity"--the official festival slogan. Moroccan and Tunisian representatives announced at an organizational meeting in May that their delegations would walk out if any Israelis attend the festival. The Somali delegation plans vigorous attacks against Kenya and Ethiopia in support of Somali irredentism.



25X1

29 Jun 68

5

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Bulgaria: The Bulgarian Government, disturbed by world-wide student unrest and revolt, is taking measures to forestall an eruption among dissatisfied Bulgarian youth.

On 22 June the Council of Ministers announced increased student stipends and promised to accelerate construction of university facilities. These measures appear to be an effort on the part of the regime to compensate students for the stiff consumer price increases imposed by the government last January, which reportedly induced minor protest strikes among university students.

The regime's action may have been prompted in part by the example of protesting Yugoslav students, whose demands included more scholarships and housing.

The government probably deliberately timed the announcement of the expanded scholarships. It came about a month before the opening on 28 July of the World Youth Festival in Sofia during which the regime would want to avoid overt expressions of dissatisfaction by Bulgarian youth.

It remains to be seen whether the government's moves will appease the students, however. Scholarships were insufficient to meet the needs of students before the price increases, and the planned new measures may not satisfy them now. Moreover, Bulgarian students resent the special privileges, such as larger scholarships and free housing, granted to foreign students--particularly Africans--studying in Bulgaria.

29 Jun 68

6

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France: The economic costs of the recent crisis have caused the government to abandon for the present its plans to develop an ICBM.

Minister of Defense Messmer, on 24 June, announced that the impact on French military programs and spending will be serious. The 1969 military budget will be maintained at its 1968 level and has no provisions for the additional costs resulting from higher wages and increases in equipment prices. Therefore, the ministry is for the present abandoning plans for the ICBM. The French still plan to build and to deploy five nuclear powered ballistic-missile submarines, but this program may have to be stretched out over a longer period.

The detailed breakdown of the military budget will not be determined until the fall, when the entire budget is debated in the French assembly. Ultimately reductions in military programs and defense spending will probably be even greater than specified by Messmer.

25X1

25X1

29 Jun 68

7

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Dahomey: The provisional military regime has named former foreign minister Emile Zinsou, a widely respected political moderate, to head a new civilian government.

Lt. Col. Alley and his predominantly junior officer regime had promised on assuming power last December to withdraw to the barracks in six months. Alley's latest move follows the failure of Dahomey's three major political elements to come up with an agreed presidential candidate. Recently the military regime itself seemed on the verge of splitting apart as Alley came under increasing fire from his colleagues.

The precise nature of Zinsou's government, which apparently is not to be formally installed until 1 August, is not yet clear. There probably will be intensive negotiations with all political factions during the coming month. The military will play an active role in these talks and is likely to retain a veto power over the government that finally emerges. The government itself presumably will function on the basis of the constitution approved by the electorate last March, which provides for a one-party presidential regime for five years and a popularly elected National Assembly.

The sudden choice of Zinsou, who is not closely identified with any one political camp, may bring temporary calm to the country's chaotic political life, but the basic regional and personal divisions remain, along with deep-seated economic problems. Zinsou will be confronted immediately with strong pressures from labor, whose long-standing demands for higher wages and reduced taxes have been ignored by both previous military regimes.

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29 Jun 68

8

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Malaysia-Thailand: Malaysia is attempting to improve its capabilities against Communist guerrillas in the Thai border area, but no significant breakthrough is likely without greater Thai cooperation.

On 27 June the Malaysians established a unified military-police command for West Malaysia. This move, in reaction to an ambush on 17 June in which 16 Malaysian policemen were killed, would permit the more rapid deployment to the border of units of the army, navy, air force, and police. Until now the police have had the main responsibility for operations against the guerrillas, and requests for military support were often delayed by the complicated command structure.

In response to a Malaysian request, Thai and Malaysian leaders plan to meet on 3 July, probably in Kuala Lumpur, to discuss means for improving the effectiveness of border operations. The Malaysians are expected to ask the Thais to relax their present restrictions on Malaysian operations on the Thai side of the border. The Malaysians want the right of hot pursuit for their army and air force. The Thais will probably permit the police some increased latitude, but are unlikely to accede to all of Malaysia's requests.

Since the Communists generally avoid contact with Thai forces, Bangkok has tended to regard the guerrillas as a relatively minor threat compared with the insurgency in the northeast and in northern Thai provinces. Some local Thais have come to what in effect is a modus vivendi with the terrorists, and they would be loath to see this disrupted by more intensive Malaysian actions.

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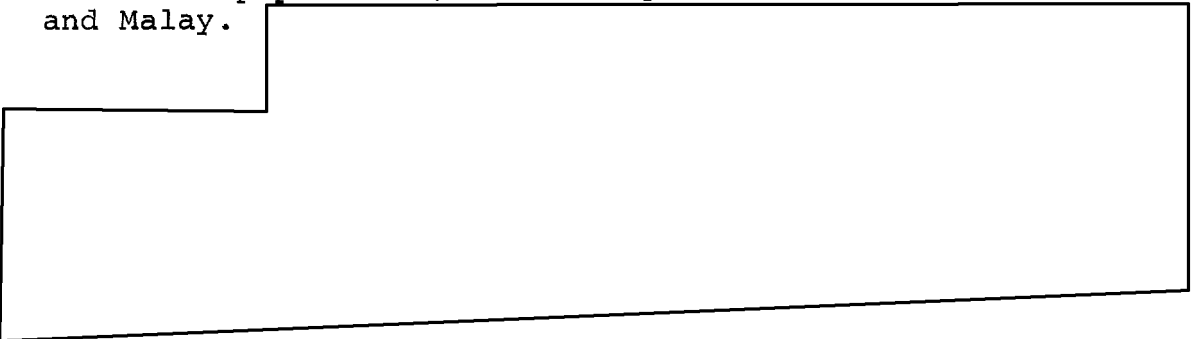
29 Jun 68

9

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The Communist guerrillas--mostly Chinese--are estimated by the Malaysians to number around 800. Long established in jungle camps on the Thai side of the border, the guerrillas are occupied primarily in recruiting and training cadres and propagandizing the local population, which is predominantly Chinese and Malay.



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29 Jun 68

10

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Laos: The government is making some headway in streamlining the military establishment.

Steps have already been taken to integrate the neutralist forces into the royal army despite grumbling among neutralist officers. A reorganization plan allows the neutralists to maintain the facade of a separate military force but in effect puts the neutralist battalions directly under royal army command. The dissolution of regimental-level mobile groups, inefficient throwbacks to the days of French rule, is also moving ahead.

As part of the shake-up, General Kouprasith has stepped down from his post as deputy commander of the armed forces, although he retains his powerful position as commander of the military region that encompasses the capital. He and other generals are under some pressure from younger officers to divest themselves of dual responsibilities.

Prime Minister Souvanna has also managed to remove national police chief Bounkhong on the grounds of corruption. He did so over the objection of armed forces chief General Ouan and a number of Ouan's protégés. Souvanna has now left for an extended vacation in France.

These changes probably will not fully satisfy those younger civilian and military elements pushing for a thorough housecleaning. It is unlikely, however, that broader reforms could be achieved at this time, since even modest change runs the risk of precipitating trouble.



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29 Jun 68

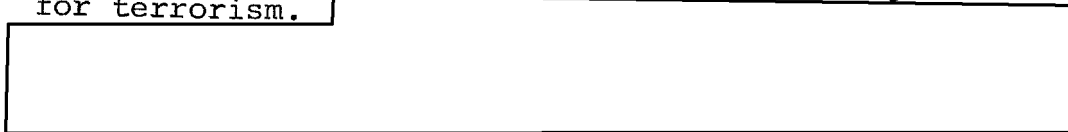
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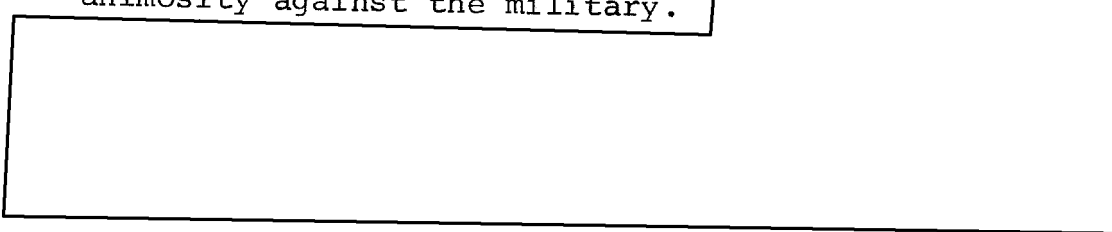
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Indonesia: Indonesian Communist Party militants in East Java reportedly are shifting their activities outside their base area on the south coast.

In response to army sweep operations the Communists are trying to relieve pressure on their redoubt area by moving their operations northward into East Java and even into Central Java. Areas formerly used as hideouts or training sites are now serving as bases for terrorism.



The army sweeps in early June disrupted some Communist base complexes in the redoubt area, but the Communists have remained free to move around. Moreover, monitoring the local population is difficult, and army operations involving civilian casualties have aroused animosity against the military.



29 Jun 68

12

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Uruguay: The Communist Party is planning a number of strikes in the next week to protest government efforts to impose tighter security measures. The party hopes to demonstrate that it has more public support than the government. There have already been two major strikes and numerous work stoppages since President Pacheco imposed a limited state of siege on 13 June. The President has ordered the arrest of about 50 key labor and student leaders, but so far only four have been seized.

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29 Jun 68

13

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